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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA

Volume 10 February 1966 Number 7

Released Pursuant to §1090.27(j) and §1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

THREE REGIONAL HEARINGS SET FOR ALL FEDERAL MILK MARKETING ORDERS

The U. S. Department of Agriculture has announced 3 regional public hearings, involving all 74 Federal milk marketing orders, to be held in St. Louis, Mo., March 9, and in Denver, Colo., and Washington, D. C. March 10. The St. Louis hearing will cover 35 markets including Chattanooga.

Consumer and Marketing Service officials said the hearings will consider the appropriate level of Class I (fluid milk) prices to be effective during the next several months in all Federal milk marketing order areas.

The hearings were requested by representatives of dairy farmers, who said present or potential shortages of milk exist in their areas and in general throughout the nation, and emergency action is necessary to avert these shortages.

Because of the present or threatened shortage of milk, USDA has taken emergency action to suspend, effective March 2, part or all of the seasonal price declines which would have gone into effect in 45 markets in which seasonal pricing provisions were in effect. There is no seasonal Class I price differential in the Chattanooga order.

MARKET SUMMARY FEBRUARY 1966

The Order MINIMUM producer uniform price is $4.87 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.6 cents for each one-tenth of one percent above or below 3.5 percent.

During February 86.7% of the total producer milk was priced in Class I at $5.18 per cwt. with a butterfat differential of 7.7 cents and 13.3% in Class II at $3.01 per cwt. with a butterfat differential of 7.1 cents. The daily average use of Gross Class I milk increased 2.8% compared with January 1966 and increased 9.4% compared with February 1965.

Daily average delivery of milk from producers was 616,699 pounds in February 1966, a decrease of 18,049 pounds per day compared with January 1966 and an increase of 25,458 pounds compared with February 1965. Percentage-wise, February deliveries decreased 2.8% compared with January 1966 and increased 4.3% compared with February 1965. The daily average farm delivery was 930 pounds compared with 875 pounds per farm for February 1965. This shows an increase of 55 pounds (6.4 gallons) per farm per day.

MILK SAMPLES TESTED - Producer Fresh Samples 5,457 - Handler Finished Products 227.

ANNOUNCED 1966 PRODUCER BASES

The average daily bases that producers established during the months of September 1965 thru January 1966 were announced by the Market Administrator during February 1966. These bases are to be used by handlers for making payments to producers for milk deliveries during March thru July 1966. Any producer who established a base but did not receive a base notice should contact the office of the Market Administrator.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% Feb.'66 Over Feb.'65	Feb. 1966	Jan. 1966	Feb. 1965
Number of Plants (Pool and Non-Pool)		11	11	12
GROSS RECEIPTS POUNDS (DAILY AVERAGE)				
Producer Milk	+ 4.3	616,699	634,748	591,241
Other Source	+48.7	21,095	17,450	14,186
Other Federal Orders	-60.5	11,003	10,676	27,846
Total Milk Receipts	+ 2.5	648,797	662,874	633,273
GROSS UTILIZATION POUNDS (DAILY AVERAGE)				
Class I Uses:				
Fluid Milk	+ 2.7	419,487	417,770	408,642
Fluid Skim	+26.8	28,124	26,536	22,187
Buttermilk	+ 3.6	43,250	43,348	41,750
Flavored Milk and Drink	+15.8	12,788	12,444	11,046
Fluid Cream (Sweet and Sour)	+11.4	2,976	2,898	2,672
Other (Shrinkage, Inventory, etc.)		3,310	2,935	612
Transfers to Non-Pool Plants		36,097	25,310	12,196
Total Class I Milk	+ 9.4	546,032	531,241	499,105
Class II Uses:				
Ice Cream Mixes		32,665	32,816	29,512
Cottage Cheese		22,203	19,044	20,291
Powdered and Condensed Milk		21,544	40,060	28,348
Livestock Feed and Skim Dumped		6,279	5,927	5,809
Shrinkage Class II		9,934	10,644	7,759
Other (Butter, Inventory, etc.)		(1,227)	9,679	1,233
Transfers to non-Pool Plants		11,367	13,463	41,216
Total Class II Milk	-23.4	102,765	131,633	134,168
Class I Pounds in Marketing Area	+ 4.5	314,574	312,497	301,037
Class I Pounds Outside Marketing Area	+16.9	231,458	218,744	198,068
Gross Class I Butterfat Pounds	+10.6	19,904	19,099	18,002
Gross Class II Butterfat Pounds	-18.6	6,609	8,003	8,116
Total Butterfat Pounds	+ 1.5	26,513	27,102	26,118
% Producer Milk of Gross Class I		112.9	119.5	118.5
% Producer Milk priced in Class I		86.7	82.9	82.3

MARCH 1966 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	Mar.'66	Feb.'66	Mar.'65
Basic Formula	$3.58	$3.47	$3.22
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	0.00	(0.04)	0.00
Class I Price, 3.5% Butterfat	$5.33	$5.18	$4.97

Per §1090.51(a)

Supply-Demand Comparison: 1st and 2nd preceding months: January and February	
Supply: Lbs. Producer Milk (Jan. 19,677,194 and Feb. 17,267,566)	36,944,760
Demand: Lbs. Net Class I Milk (Jan. 16,378,977 and Feb. 15,195,757)	31,574,734
Utilization Percentage: Producer milk divided by Class I	117
Standard Utilization Percentage: Range 117-121	117
Net Deviation Percentage: Utilization minus Standard Utilization	-0-
Supply-Demand Adjustment: 2 cents x 0 percentage points	$0.00

The price is not adjusted by the supply-demand formula, since the supply in relation to the demand is within the standard utilization range of 117-121.

COMPUTATION OF PRODUCER UNIFORM PRICE

FEBRUARY 1966	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Gross Value
Gross Class I		15,288,907	3.645		
Less Other Source		317,305	2.858		
Producer Milk Class I	86.7	14,971,602	3.661813	$5.304596	$794,183.00
Gross Class II		2,877,420	6.432		
Less Other Source		581,456	0.684		
Producer Milk Class II	13.3	2,295,964	7.887624	6.125213	140,632.69
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	17,267,566	4.223693		$934,815.69
Less Fractional Adjustment					.11
Add Value of Overage					26.72
Add Value of Other Source Receipts Allocated to Class I and Location Adj.		70,321			2,632.98
Add ½ Producer-Settlement Fund Reserve					9,174.09
TOTAL VALUE AT TEST		17,337,887	4.213195	$5.460004	$946,649.37
Less Test over 3.5% @ 7.6¢ per point		17,337,887	.713195	.542028	93,976.20
TOTAL UTILIZATION VALUE AT 3.5%		17,337,887	3.5	$4.917976	$852,673.17
Less Producer-Settlement Fund Reserve		17,337,887		.047976	8,318.02
PRODUCER UNIFORM PRICE F.O.B. POOL PLANTS		17,337,887	3.5	$4.87	$844,355.15

FEBRUARY 1966 MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 7.6¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	$4.49	3.6	$4.946	4.2	$5.402	4.8	$5.858	5.4	$6.314
3.05	4.528	3.65	4.984	4.25	5.44	4.85	5.896	5.45	6.352
3.1	4.566	3.7	5.022	4.3	5.478	4.9	5.934	5.5	6.39
3.15	4.604	3.75	5.06	4.35	5.516	4.95	5.972	5.55	6.428
3.2	4.642	3.8	5.098	4.4	5.554	5.0	6.01	5.6	6.466
3.25	4.68	3.85	5.136	4.45	5.592	5.05	6.048	5.65	6.504
3.3	4.718	3.9	5.174	4.5	5.63	5.1	6.086	5.7	6.542
3.35	4.756	3.95	5.212	4.55	5.668	5.15	6.124	5.75	6.58
3.4	4.794	4.0	5.25	4.6	5.706	5.2	6.162	5.8	6.618
3.45	4.832	4.05	5.288	4.65	5.744	5.25	6.20	5.85	6.656
3.5	4.87	4.1	5.326	4.7	5.782	5.3	6.238	5.9	6.694
3.55	4.908	4.15	5.364	4.75	5.82	5.35	6.276	5.95	6.732

PRODUCER ANNOUNCED BASES - FOUR YEARS COMPARISON

Base Range Pounds	1966	1965	1964	1963	Base Range Pounds	1966	1965	1964	1963
	Number of Producers					Number of Producers			
0-199	12	26	24	17	800- 899	52	51	52	44
200-299	34	34	49	51	900- 999	43	46	38	45
300-399	50	48	66	71	1000-1499	137	129	112	109
400-499	65	73	92	82	1500-1999	53	46	40	24
500-599	51	69	70	86	2000-2499	25	12	11	12
600-699	68	62	73	63	Over-2500	28	19	9	8
700-799	45	61	47	51	Total Prod.	663	676	683	663

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES 1/ Per Hundredweight				HANDLER CLASS PRICES 1/			
					Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Feb.'65	$4.59	-	-	7.2¢	$5.00	7.5¢	$2.80	6.7¢
Mar.	4.54 2/	$4.67	$2.73	7.2	4.97	7.5	2.77	6.7
Apr.	4.41 2/	4.63	2.69	7.2	4.97	7.5	2.73	6.8
May	4.35 2/	4.57	2.64	7.4	4.98	7.7	2.68	6.8
June	4.34 2/	4.54	2.62	7.4	5.01	7.7	2.66	6.8
July	4.40 2/	4.62	2.62	7.4	4.95	7.7	2.66	6.8
Aug.	4.39	-	-	7.4	4.96	7.7	2.65	7.0
Sept.	4.58	-	-	7.8	4.82	7.9	3.30	7.2
Oct.	4.63	-	-	7.8	4.88	8.1	3.33	7.2
Nov.	4.85	-	-	8.0	5.09	8.2	3.35	7.3
Dec.	4.73	-	-	8.0	5.14	8.2	3.36	7.3
Jan.'66	4.82	-	-	7.8	5.22	8.2	3.22	6.8
Feb.	4.87	-	-	7.6	5.18	7.7	3.01	7.1
Mar.	-	-	-	-	5.33	8.0	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS $-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA
	4 Tenn. Milk Mfg.	Butter Powder	4 Tenn. Milk Mfg. $-cwt-4%	Chi.92° Butter ¢ Lb.	Chi.Area Powder ¢ Lb.	Minn.-Wisc. Mfg.Grade Milk $-cwt-3.5%
Feb.'65	2.80	3.12	3.138	57.99	14.27	3.22
Mar.	2.77	3.12	3.106	57.99	14.25	3.22
Apr.	2.73	3.17	3.069	58.97	14.22	3.23
May	2.68	3.17	3.025	58.97	14.28	3.22
June	2.66	3.17	3.000	58.97	14.21	3.20
July	2.66	3.17	3.000	59.00	14.24	3.21
Aug.	2.65	3.25	3.000	61.03	14.31	3.25
Sept.	2.72	3.30	3.081	62.22	14.21	3.29
Oct.	2.75	3.33	3.106	62.89	14.31	3.34
Nov.	2.83	3.35	3.194	63.27	14.42	3.39
Dec.	2.90	3.36	3.269	63.45	14.31	3.47
Jan.'66	3.01	3.22	3.350	59.33	14.54	3.47
Feb.	3.01	3.32	3.363	61.80	14.59	3.58

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA 3/				Deliveries Per Farm----Pounds			Prod. Milk Test
	No. Hdlrs.	Total Receipt	Class I Use	Class I Use	Total Delivery	Base Delivery	No. Prod.	Prod.	Base	Exc.	
Feb.'65	12	633,273	499,105	486,765	591,241	-	676	875	-	-	4.22
Mar.	12	626,437	494,283	483,039	590,445	552,135	673	877	820	57	4.17
Apr.	12	697,927	497,275	486,698	642,007	569,531	667	963	854	109	4.02
May	12	692,923	474,496	464,947	634,015	559,591	668	949	838	111	3.92
June	12	666,977	448,404	435,985	604,907	541,251	665	910	814	96	3.91
July	11	645,694	472,016	459,130	595,853	531,033	663	899	801	98	3.89
Aug.	11	656,906	474,674	463,031	611,907	-	661	926	-	-	3.87
Sept.	11	693,671	572,696	560,352	655,522	-	661	992	-	-	3.93
Oct.	11	673,905	561,613	553,950	646,998	-	660	980	-	-	4.14
Nov.	11	661,931	567,822	562,847	637,400	-	667	956	-	-	4.20
Dec.	11	660,110	507,814	502,279	635,256	-	666	954	-	-	4.23
Jan.'66	11	662,874	531,241	526,225	634,748	-	664	956	-	-	4.20
Feb.	11	648,797	546,032	534,700	616,699	-	663	930	-	-	4.22

1/ Excludes Premiums

2/ Weighted Average Price

3/ Other Source is Gross minus Producer; Class II is Receipts minus Class I

FEDERAL MILK ORDERS

Milk handlers are the only persons regulated by a Federal Order. Generally speaking, a fully regulated handler is anyone who purchases Grade A milk from farmers and uses at least 50 percent of it for bottling purposes and disposes of at least 20 percent of that bottled, in the defined marketing area. The Order requires that when a milk handler operating under the Order purchases milk from a "Grade A" dairy farmer; he pay at least the minimum price, make accurate weights and tests, and account properly for the way the milk is used. Health authorities determine which milk can be marketed as Grade A. The Market Administrator makes no determination whatever as to who sells on the "Grade A" market.

The Order does not control from whom the handler shall buy, to whom he shall sell, how much he should buy or sell, or at what prices he may sell. Dairy farmers may produce and sell any amount of milk under a Federal Order. So far as the Order is concerned, any dairy farmer who can find a handler in the market to purchase his milk is entitled to the benefits of the Order. As in any other transaction, any price may prevail which is agreeable to both seller and purchaser, so long as it is at least the minimum required by the Order.

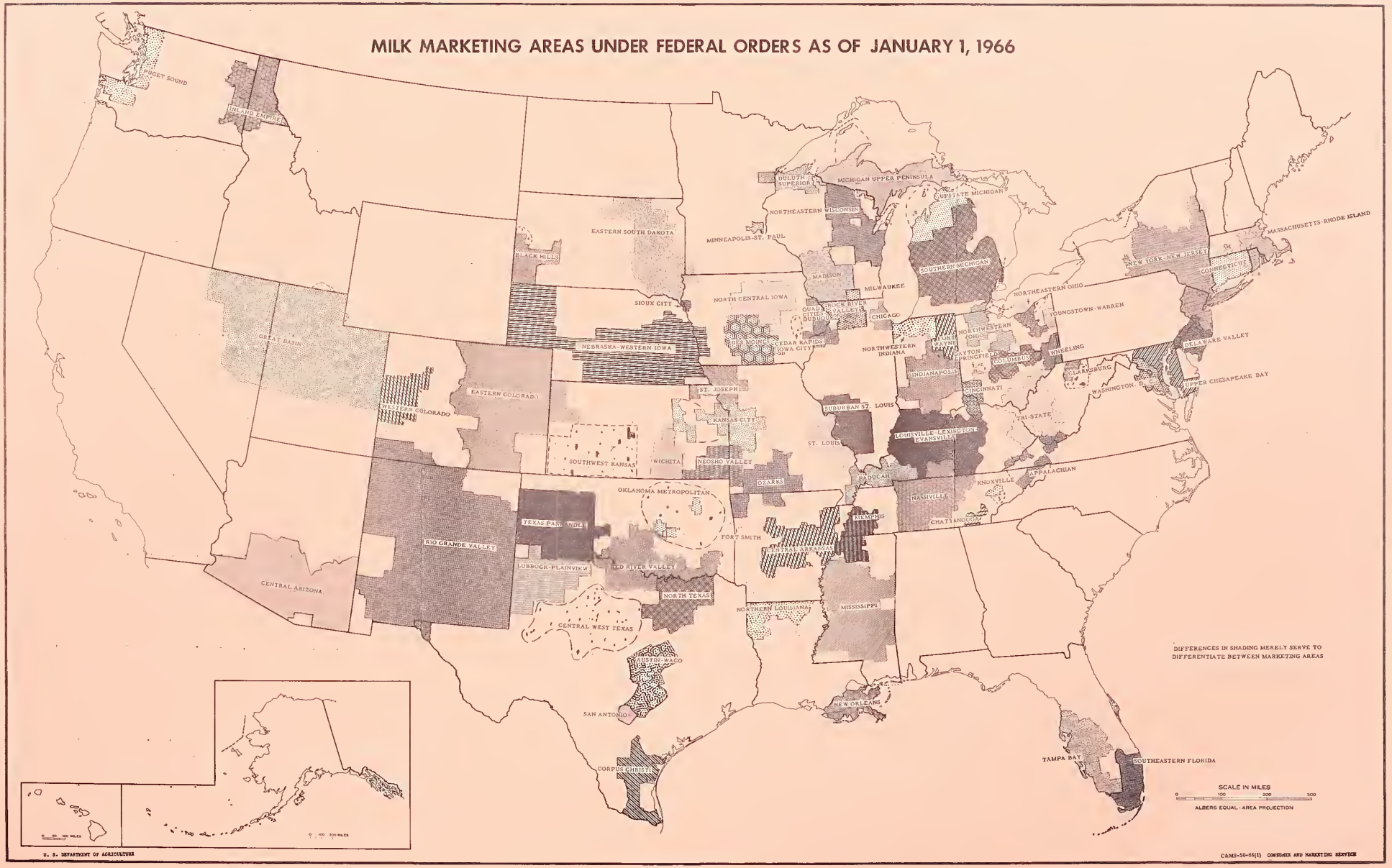
Some of the effects of an Order, from the standpoint of dairy farmers may be summarized as follows:

a. Gives farmers, milk handlers, and the public an active voice in determining minimum farm milk prices through the public hearings.
b. Establishes minimum use-class prices that (1) assure farmers as much for their milk as general supply and demand conditions in the market warrant and (2) assure the market of adequate supplies of milk.
c. Provides for the orderly marketing of surplus milk through a pricing method based on the use which is made of the milk. Each farmer also is assured of receiving the average or uniform price (blend) for his milk.
d. Reduces unnecessary fluctuation of prices paid to farmers.
e. Assures farmers of accurate weighing, testing, classification, and accounting for milk as to receipts and class uses.
f. Makes available information on the handling of milk in the marketing area so as to enable interested parties to evaluate the market situation. This bulletin is an example of this service.

CLASSIFICATION OF PRODUCER MILK

Date	Class I			Class II			Total-100%	
	Pounds	Test	Percent	Pounds	Test	Percent	Pounds	Test
Jan.'65	15,171,297	3.60	82.0	3,333,867	6.96	18.0	18,505,164	4.21
Feb.	13,652,908	3.61	82.5	2,902,006	7.07	17.5	16,554,914	4.22
Mar.	14,964,872	3.60	81.8	3,338,927	6.69	18.2	18,303,799	4.17
Apr.	14,624,422	3.61	75.9	4,635,494	5.31	24.1	19,259,916	4.02
May	14,421,850	3.57	73.5	5,201,594	4.86	26.5	19,623,444	3.91
June	13,095,164	3.59	72.2	5,051,747	4.72	27.8	18,146,911	3.91
July	14,243,984	3.55	77.1	4,227,712	5.04	22.9	18,471,696	3.89
Aug.	14,332,823	3.58	75.6	4,636,325	4.77	24.4	18,969,148	3.87
Sept.	16,802,639	3.64	85.4	2,863,303	5.63	14.6	19,665,942	3.93
Oct.	17,172,437	3.67	85.6	2,884,487	6.94	14.4	20,056,924	4.14
Nov.	16,885,397	3.70	88.3	2,236,606	7.98	11.7	19,122,003	4.20
Dec.	15,570,641	3.66	79.1	4,122,277	6.37	20.9	19,692,918	4.23
Total	180,938,434			45,434,345			226,372,779	
Average	15,078,203	3.62	79.9	3,786,195	6.03	20.1	18,864,398	4.06

MILK MARKETING AREAS UNDER FEDERAL ORDERS AS OF JANUARY 1, 1966



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